

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - March 28, 2006

United States Attorney Carol C. Lam announced that Richard Hill Gavzie pled guilty today in federal court in San Diego to a two-count felony Information charging him with conspiracy to commit wire fraud and filing a false tax return. The charges arose from Gavzie's participation as a salesman in a fraudulent scheme relating to the acquisition and renovation of a Las Vegas casino. Gavzie entered his guilty plea before United States Magistrate Judge Anthony J. Battaglia, subject to final acceptance of the plea by the Honorable Jeffrey T. Miller, United States District Court Judge, at the time of sentencing.

In his plea agreement, Gavzie admitted that from approximately November 2003 through April 2004, he and his coconspirators, including Vladislav Zubkis, a.k.a. "Steven" Zubkis, defrauded investors of approximately \$875,000. Gavzie also admitted that he and his coconspirators made numerous material misrepresentations to investors about Zubkis, his companies, the uses to which he put investors' funds, and the status and prospects of the casino project. According to Assistant U.S. Attorney Sanjay Bhandari, who

is prosecuting the case, investors were led to believe that Zubkis and his affiliated company, San Diego Properties, L.P., had significant experience in casino renovation and real estate development.

In pleading guilty, Gavzie also admitted that he and his coconspirators made false and misleading representations to investors that the project had a high likelihood of success and would produce quick returns, including specifically that shares purchased for approximately \$0.01 per share would be worth \$5 or more per share upon a projected initial public offering (IPO).

Gavzie also acknowledged that he knowingly filed a false income tax return for the calendar year 2003, resulting in a tax loss to the United States of \$19,680.

A hearing is scheduled before Judge Miller on June 23, 2006 at 9:00 a.m., for final acceptance of the plea and sentencing.

The case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service.

DEFENDANT

RICHARD HILL GAVZIE

SUMMARY OF CHARGES

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| COUNT 1 | Conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 371. Maximum penalty: 5 years' imprisonment per count. |
| COUNT 2 | Filing a false tax return, in violation of Title 18, United States Code, Section 7206(1). Maximum penalty: 3 years' imprisonment per count. |

PARTICIPATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service, Criminal Investigation